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People, Taiwan

7 Billion People by the Year 2000

Tallow Prospects Are Bright

The Soviet Crop Situation

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

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## 2000 A.D.

In less than 40 years, we will have reached the year 2000 and will be starting on the third millennium *anno Domini.* Our economists are already looking ahead to that time—and some of this looking ahead took place at the World Food Forum, held in Washington in May, as part of the Department of Agriculture's centennial celebration.

Dr. Frank W. Notestein, whose excellent paper we have condensed for our lead article in this issue, sees the world's population increasing at annual rates a little above 2 percent. From this he concludes that there will be about 4.6 billion people by 1980 and 6.9 billion by the year 2000.

Dr. Notestein pleads that we stop talking about the race between world population and world food supply. "The real issue is different," he says. "The only hope that man can secure health, education, and relief from poverty lies in escape from a self-sufficient agriculture."

Much the same thought was put forward by Dr. Willard R. Cochrane, Director, Agricultural Economics, USDA. His paper on the world food budget was also pinpointed to 2000.

"It is not unrealistic to hope," said Dr. Cochrane, "that the underdeveloped nations can increase food output at 3.5 percent a year. These countries cannot afford *not* to achieve this rate of growth . . . if their economic development aspirations are to be realized."

But even with this larger agricultural output, Dr. Cochrane projects their net food imports as increasing from today's $1 billion to $10 billion in 1980, and $30 billion in 2000. And he believes that practical politics in both exporting and importing countries will require that part of this very great increase in food movement take the form of commercial trade—perhaps under some form of long-term credit.

**Cover Photograph**

Crowd watching a parade in Taipei. By the year 2000, Asia's population is expected to be 4.2 billion—2.3 times that of 1960.

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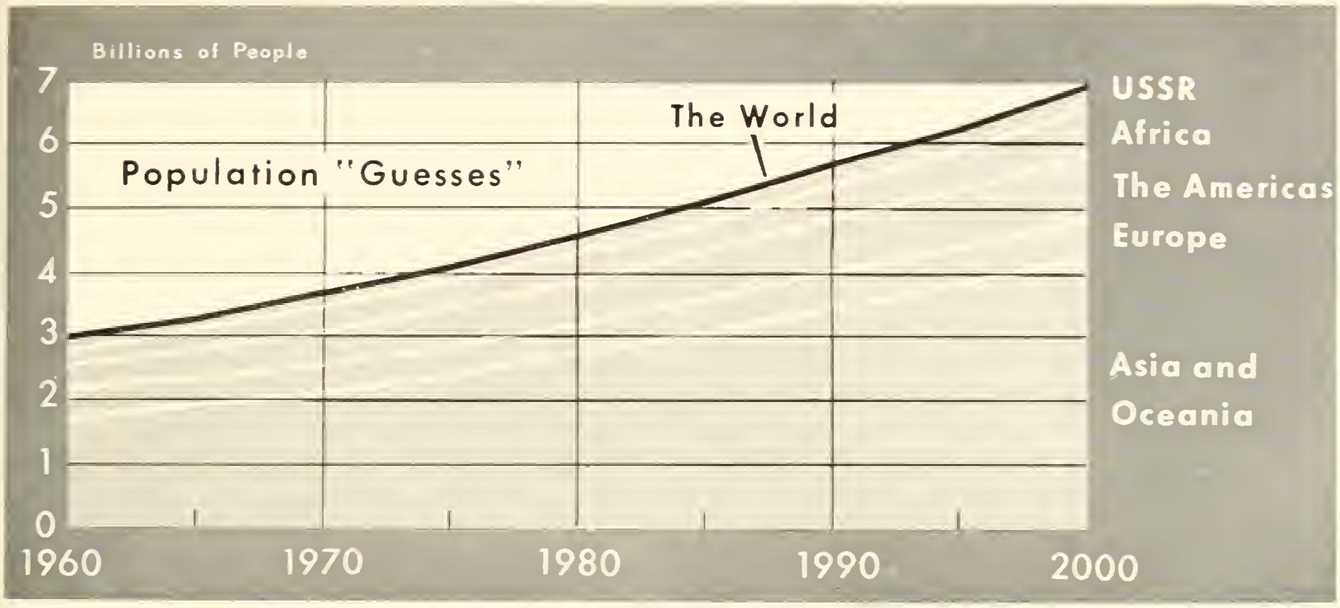

# 7 Billion People by the Year 2000

**By FRANK W. NOTESTEIN**
**President, The Population Council, New York**

In 1944 the Harris Foundation of Chicago devoted its annual conference to agriculture, and the proceedings were published under the title "Food for the World." My assignment at that conference was the same as it is here—to discuss the future trends of world population. As a forecaster, I was way off. My predictions were much too low.

What went wrong with these and other population projections of the war and postwar period?

The main source of error lay in our failure to anticipate the spectacular reduction of mortality, which has been almost universal. It has transformed the modern world. For example, on the 1959 life table for the United States, a newborn white girl has a better chance of living to 60 years of age than she had of reaching age 5 on the life table for 1900 to 1902.

Recent reductions of death rates in the underdeveloped areas are even more spectacular, for they have taken place under minimal conditions of living, sanitation, and medical care. It is hard to believe, but true, that the crude death rates of Ceylon, Singapore, Taiwan, and many Latin American countries are lower than those of England and France.

Of course, their health is not better, nor are the risks of death, age for age, as low. But their populations are much younger than those of Europe and the risks of death in these countries have declined spectacularly. Even in India, where efforts in the field of public health are scarcely more than launched, the expectation of life at birth has risen from the middle twenties to the low forties in the last 40 years. In more advanced medical situations, such as those of Ceylon, Singapore, and Taiwan, life expectancies at birth are now in the low sixties, or about the same as they were in the United States 25 years ago.

On the side of fertility, our mistakes were of a different sort. The predictions for the technologically underdeveloped areas were fairly accurate. The major difficulties occurred in the developed countries, where most forecasts, including mine, were that birth rates would drop sufficiently to yield a period of slowing growth, or even of declining population.

In Western Europe, after a postwar rebound, birth rates have settled down to much the same level as in the prewar period. In the United States, Canada, Australia, and New Zealand, they rose and have remained substantially above prewar level. In fact, the postwar experience of the United States has exploded the idea that populations that regulate their fertility by voluntary choice will not grow.

It is in Southern and Eastern Europe, the USSR, and Japan that populations have grown more slowly than expected. It is hard to realize that the Soviet Union, whose prewar birth rate was more than double that of the United States, now has a rate about the same as ours. It is equally hard to realize that in all Europe only Albania has a higher rate than ours, and that Hungary and Japan are now among the countries with the lowest human fertility in the world.

Undoubtedly, the mixture of mounting aspirations on the part of increasingly educated and urbanized populations, on the one hand, and of difficult economic circumstances, on the other, has been the motivating factor for the decline in growth. There is no slightest indication that the physiological capacity of the population to reproduce has done anything

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This article is condensed from Dr. Notestein's talk at the World Food Forum, held in Washington, May 15-17. In delivering it, Dr. Notestein pointed out that the projected population figures are "personal guesses" drawn up merely to serve as a basis for discussion. The more complicated task of constructing international projections he prefers to leave to the United Nations. Opinions expressed are the author's and not necessarily those of the USDA.

but improve. Rather, all evidence suggests that this trend is the result of personal choices in family size.

### Rise Understated

The net result of these errors in forecasting population 20 years ago was to understate greatly the coming growth and, therefore, the future problems of agricultural production. Fortunately, however, the possibility of lifting agricultural production was also underestimated. The result has been that in the past 20 years the food supply has, for most of the world's people, not deteriorated but has probably improved a little.

Alas! another way of saying the same thing is that, because of mounting rates of population growth, the spectacular gains in agricultural production have been mainly absorbed by the requirements of additional population, rather than contributing to a rapid improvement of the world's nutritional status. We have avoided major tragedy, but in spite of miracles of production we are still facing a world in which the vast majority of the population is often hungry and always malnourished.

In the light of the postwar experience, what now seems to be the prospect for future growth? Barring nuclear holocaust, there is every reason to expect continued rapid population growth to the end of the century—perhaps fairly constant at annual rates a little above 2 percent. If so, there will be about 4.6 billion people by 1980 and 6.9 billion by 2000.

### Areas of Rapid Growth

In America north of the Rio Grande, Oceania, Europe, and the Soviet Union, growth is expected to remain fairly rapid, with the rates for these regions converging somewhat. This involves slight declines for northern America and the Soviet Union and a slight rise in the rate of growth for Europe. The rise reflects mounting prosperity in that part of the world where fertility is now most firmly under control.

Such a course of events gives for the continents that are technologically rather well developed the following totals by the year 2000: Europe 627 million, the USSR 406, northern America 392, Oceania 33—a total of 1.5 billion in an area that in 1960 contained less than 900 million.

America south of the Rio Grande is the world's most rapidly growing major region. It has some of the highest birth rates and, although health is improving, there is room for a further substantial reduction of death rates. I have guessed that the rate of growth will rise from the present 2.7 percent to above 3.0 percent before 1980 in Central America and from 2.4 percent to about 2.8 percent in South America.

It is difficult to imagine that growth will continue very long at such extremely high rates in a region that is heavily urbanized and modernizing rapidly. Indeed in Argentina, Uruguay, and Chile, birth rates are already far below the maximum. Moreover, in the future the means of regulating fertility will be much more acceptable and effective than they are now. I have, therefore, assumed that the rates of growth will drop sharply after 1980 and will reach 2 percent by the year 2000. This will bring the population of Latin America to about 600 million, almost 3 times that for 1960.

### Africa-Asia

For Africa, on the other hand, it is supposed that organizational problems will be an obstacle to rapid development, checking somewhat the quick control of death rates and the development of interest in family planning. We have assumed that the rate of growth will mount from 2.0 percent in 1960 to 2.5 percent in 1980 and to 2.7 percent in 2000. Thus the population would mount from 254 million in 1960 to 676 million in 2000.

In Asia the expected course of growth is different from that suggested either for Latin America or Africa. Instead, we have lifted the present 2 percent rate of growth to a little above 2.5 percent before 1980, and then dropped it sharply to 1.7 percent by the year 2000. Implicit in this is the assumption that until the end of the century Asia will expand its agriculture as rapidly as its population.

The rates of growth have been lifted to 2.5 percent by 1980 in the expectation of substantial gains in health offset by rather small declines in birth rates. The assumed reduction of the rate of growth to 1.7 percent by the year 2000 is based on the fact that in this densely settled continent rapid population growth is perhaps the major obstacle to economic development. This fact is already recognized by the Governments of Pakistan, India, Japan, and Korea, and the beginning of interest in regulating fertility is evident in Ceylon and Nationalist China. The position of Communist China is not entirely clear, but there has been enough vacillation already to suggest that interest in birth control will be renewed as pressures rise.

This course of events would carry Asia's population from 1.7 billion to 2.7 billion in 1980 and 4.2 billion by the year 2000, or 2.3 times the population in 1960.

If the course of growth were to follow our guesses, the "underdeveloped continents"—America below the Rio Grande, Africa, and Asia—which contained 71 percent of the world's people in 1960, would contain 5.5 billion, or 79 percent of the world's 6.9 billion by the year 2000.

It should be observed that these guesses present an "optimistic" case since they imply sharply falling rates of growth in both Latin America and Asia before the end of the century. These falling rates are expected to come from reductions in birth rates in a context of improving health. Even so the growth is tremendous. By the end of the century the population of the "underdeveloped continents" will be growing at an average of 2.3 percent compared with 1.3 percent for the "developed continents," and will be 2.5 times larger than it was in 1960. To develop these economies while carrying such a load of population growth will be a staggering task.

### Too Optimistic, Perhaps

So much for the arithmetic, but what does it mean? Where are we likely to go wrong this time?

It is possible of course that we have been too optimistic in supposing that agricultural production will increase at least as rapidly as population until the end of the century. Perhaps also

*(Continued on page 22)*

At right, above, is the first of the Philippines' four flour mills which have changed a 100-percent flour market to one taking a third that much. Below, stevedores load some of the U.S. flour moving out to over 100 world markets.

By **ANSEL S. WOOD**
**Grain and Feed Division**
**Foreign Agricultural Service**

# More Flour Mills Going Up

Though both U.S. wheat and flour exports are growing, within the totals are import shifts by a number of countries whose new flour mills are changing domestic needs from flour to wheat.

Countries which formerly imported mostly flour and little wheat regard the building of flour mills as one of the primary steps in the industrialization process. The rationale has been along these lines: Obtain the capital, admit wheat in place of flour, protect the market, and the country has a new business. It handles a staple product, provides local jobs, and the milling feeds create a subsidiary business. Export also was taken into consideration.

Cuba and Ecuador each built the first of two modern mills in 1952. Mozambique built its first mill in 1955, and Hong Kong and Senegal in 1956. Venezuela followed in 1957, Haiti and the Philippines in 1958. Guatemala built its first modern mill in 1959; the Dominican Republic began milling in 1960, and El Salvador, the Ivory Coast, and the Sudan in 1961.

Industrialization has not been the only incentive to mill construction. Private capital—of individuals, the international grain trade, as well as large milling companies of other nations—has been attracted to these new ventures.

Capital from all three of these sources has gone into Venezuela's seven new mills. The government licenses wheat imports at a rate that assures the mills' success. The result has been to change Venezuela from a 95-percent flour market in 1956-57 to practically a total wheat market by 1960-61. Combined local and U.S. capital built one of El Salvador' mills, local capital the other.

Quite naturally, the established flour trade, both exporters and local importers and handlers, has resisted the disruption of traditional trade by the new mills. But, where the tide could not be turned, these interests have frequently invested in partial or whole ownership of the new mills.

In Guatemala, U.S. flour exporters invested in two of the country's three new modern mills. Thus the interests of the traditional flour trade were protected, even though Guatemalan flour imports dropped from 22,200 metric tons in 1958-59 to 5,700 in 1960-61 (in terms of wheat equivalent) and wheat imports almost doubled in the same period.

In the Dominican Republic, former flour importers were allotted shares in the distribution of the output of the government-owned mill, the shares being based on previous participation in the Dominican market.

Some big flour exporters have licensed the new mills to produce their established brands. Others have contracted to manage the new mills, even to the point of supplying blends of wheat. They have already thereby maintained quality and kept their brands before the public. Many new mills, attempting to market unknown brands have had to either increase price or sacrifice quality, to stay in business. Result of either choice has often been lower flour consumption.

At least three of the four mills now operating in the Philippines are under licensing arrangements with outside flour exporters and are doing well. The growth of these mills has changed the islands from a 100-percent flour market in 1957-58 to one taking 65 percent wheat and 35 percent flour in 1960-61.

In the process, the U.S. share of total Philippine imports of wheat and flour rose from 59 percent in 1957-58 to 68 percent in 1960-61. Canada retained a 30-percent share and Australia a 2-percent share. Eighty-three percent of the U.S. share in 1960-61 was wheat, 75 percent of Canada's share was flour, and about the same percentage of Australia's was wheat.

An additional three mills are planned for the islands. When these are completed in a year or two, the Philippines should have a milling capacity well beyond the needs of the domestic market.

### Some Mills Uneconomic

Some of the new mills have indeed become the economic assets envisaged by their builders. The Hong Kong mill is being operated successfully without tariff protection and is exporting flour in the southeast Asia region. (Hong Kong imports primarily Australian wheat.)

Other mills have not been as successful and the exports anticipated have not materialized because of developing competition. Nor have many of the mills lived up to the prospectus in other ways.

Some are producing flour which could have been supplied more economically by the original sources. The amount of new employment opened up by the new mills, too, has been smaller than expected because of automation and modern techniques, and the skilled personnel needed were not available locally. Mills have in some instances also found it difficult to find markets for offal feeds.

Manufacturers of milling machinery (Swiss, Italian, German, and English) have been a strong force in stimulating new mill construction. Their enthusiasm not infrequently has lead to excess milling capacity. Several new firms now face increased prices and reduced business while holding excess capacity of some of the finest milling equipment in the world.

Haiti's new mill ran into transportation problems. The mill was built to supply the entire country, and the government increased the tariff on flour to assure the market. However, the country had previously been serviced by ocean freighters carrying a number of commodities including flour. The new mill does not have comparable transportation available. As a result, flour consumption in Haiti is now about half of the former 35,000-ton yearly imports.

### Still More Mills

Three other countries expect to have mills in operation some time in 1962. As a part of its industrial promotion program, Thailand expects its new mill to supply all domestic flour needs. This is not of too great concern to U.S. flour exporters, who in the past supplied only a small part of Thai imports compared to Australia, but it could be of interest to U.S. wheat exporters.

A new mill in Nigeria is backed by capital from the Nigerian Government, U.S. interests, and other sources. This has been a total flour market, with the United States having some 85 percent of the business. However, licensing to a U.S. milling firm will help retain the U.S. interest in the market.

The Republic of Panama, which has always been almost entirely a flour importer—from the United States—expects to increase the duty on flour from 1 cent per kilo to 5 cents as soon as its new mill begins operations.

The mill-building trend has, of course, not escaped the attention of U.S. wheat growers. Their policy has been to keep a careful eye on the new mills, but to be equally careful in keeping "hands off" until a changeover is made.

At the moment, it is not clear whether U.S. wheat, or that of its principal competitor, Canada, has gained more ground from the overall movement. The various U.S. credit programs on grains are an aid in securing some of these new wheat marketing opportunities.

Meanwhile, U.S. flour exporters continue to supply specialty flours, which most of the new markets cannot themselves provide. And in addition, U.S. flour still moves to well over a hundred markets around the world.

## French Tobacco Imports Expected To Rise in '62

France is expected to import more tobacco this year. Per capita consumption is rising and so is the population. At the same time, domestic production has been down because of recent blue mold attacks, and stocks are well below those of a few years ago.

French exports of tobacco products are also up, especially those to former French colonies in Africa.

Retail cigarette prices went up 4 to 20 percent last fall but they are still below those of many other European countries. The effect of the higher prices on consumption is expected to be small and temporary.

Economic conditions in France are such that imports of leaf tobacco will probably remain unrestricted. France is already one of the world's 10 leading tobacco importers, buying mostly from Algeria, Greece, Yugoslavia, the Malagasy Republic, and the United States, in that order. However, the additional leaf imports in 1962 will come primarily from Argentina, Brazil, Colombia, and Paraguay, traditional suppliers of the dark tobacco France ordinarily produces.

There may also be some rise in U.S. sales as the demand increases for Amercian brands and U.S.-type cigarettes produced in France. The United States sold $11.7 million worth of leaf tobacco and cigarettes to France last year. This amount may increase in response to market development work by the Foreign Agricultural Service, the French Tobacco Monopoly, and the U.S. tobacco trade.

## Cuban-Soviet Trade Pact Extended to $750 Million

Cuba recently announced the signing of an extension to the 1962 Soviet-Cuban trade protocol agreed upon early this year. The new extension raises to $750 million the volume of commercial exchange for 1962.

This trade, however, is strictly on a barter basis. Cuba will supply such commodities as sugar, tobacco, fruit, coffee, and metal ore. The USSR will ship mainly industrial products and raw materials but will also include sizable amounts of food commodities.

# Tallow Prospects Are Bright

## Rising use of tallow in poultry and livestock feed is pushing U.S. tallow sales up at home and abroad.

This chicken-specialty cafe in London attests the British liking for fowl. The U.K. poultry industry was one of the first abroad to mix tallow with feed.

An Italian "mixer" blends U.S. tallow with grain for Italy's booming poultry industry.

By JOHN S. DeCOURCY
Livestock and Meat Products
Foreign Agricultural Service

The use of inedible tallow and fats in poultry and livestock feed is steadily growing in the United States and abroad. This has become increasingly important because detergents have had serious impact on soap and tallow markets in all industrialized nations.

In the United States the use of tallow for feeds has been the most significant factor in keeping domestic tallow consumption around a 1.8-billion-pound level. In Japan, largest single customer for U.S. tallow, detergents have captured part of the soap market. However, the Japanese economy is expanding so strongly that demand for tallow has increased not only for soap (but for feed in Japan's booming livestock and poultry industries.

In Western Europe—our largest tallow market—detergents caused a sharp decline in U.S. tallow sales in 1961. This drop might not have been so abrupt had Western Europe's poultry and livestock industries been further developed and using more tallow in feed.

The use of fats in feed started in the United States in the early 1950's. In 1954, about 100 millon pounds were used. By 1960, the total had reached 500 million pounds, which was about 14 percent of all U.S.-produced animal fats and about 25 percent of fat consumption. Tallow makes up about 90 percent of fats used.

Keeping pace with the growth of this relatively new use for tallow was the declining use of tallow-based soap. As U.S. consumption leveled off, the increased slaughter of cattle sent U.S. tallow production up to the alltime high of 4 billion pounds in 1961—38 percent above the 1951-55 average. Tallow prices declined, and U.S. renderers more and more turned to export as the answer to their growing fat surpluses. By 1961, 45 percent of U.S. tallow was going abroad.

These exports have been almost entirely dollar sales, though 300 million pounds have been programmed in 1962 for shipment under P.L. 480.

Laborers unload mixed feed in Italy. By 1963, demand for such feed may hit a million tons, for grain 6.5 million.

U.S. tallow exports now account for more than 75 percent of all tallow entering world trade and over the last decade have averaged 55 percent of world trade. In 1960, Australia, New Zealand, and Canada, our main competitors, exported only 25 percent as much.

The use of tallow in feed abroad has not kept up with its use in the United States. Livestock and poultry industries throughout the world in general do not yet use the mass production techniques which have forced individual U.S. producers to become more efficient to survive. Important among these techniques is increased feed efficiency, a fact long recognized by most American feed manufacturers, and livestock and poultry producers.

Fat is a high-energy feed ingredient containing 2.5 times the energy value of corn. It shortens the feeding period for livestock and poultry and increases the growth rate and feed efficiency. It also cuts down dust and improves appearance and palatability. Feed manufacturers have found, too, that adding fat prolongs the life of their machinery and permits materials to be pelletized which otherwise would be difficult to use.

These advantages are so important that in the United States fats are added to feed even when the cost of the added fat exceeds the cost of the grain it replaces in the feed mixture. (Since 1 pound of fat contains the energy value of approximately 2.5 pounds of corn, the cost of the fat should not exceed 2.5 times the cost of corn to be strictly competitive.)

### Poultry Quick Protein Source

Many experts believe the best way to increase consumption of animal protein in the world is through poultry meat. Poultry is the most efficient means of converting feed into animal protein. In the United States a 3-pound bird can be marketed after 8 weeks on 6 to 7 pounds of feed. Outside the United States, such achievements are years from reality.

In most parts of the world, poultry meat is still a luxury and is priced several times higher than in the United States. All too many growers are content with this situation, with the result that in many countries high, protected prices actually deter growth and increased efficiency.

Before poultry and feed industries abroad can really begin to expand, foreign producers must become imbued with the U.S. philosophy of mass production, mass markets, and reasonable prices. Poultry must be promoted among consumers, and retailing improvements such as refrigeration made. However, livestock and poultry producers abroad are increasingly aware of the potentials of mass markets and are adopting techniques that have characterized American farming over the past 40 years.

Such a development is taking place in a number of areas. In Western Europe—particularly in Italy, Spain, and the United Kingdom—and in Japan, the growth of the poultry and feed mixing industries has been spectacular. With this expansion has gone the increasing use of fats in feeds. To a lesser extent, there has been considerable development elsewhere.

### Promotion and Prospects

Surveys in Japan indicate the potential demand for tallow in feeds could double or even triple present imports for all purposes, if used at U.S. levels of consumption. The Japanese feed industry is growing at the rate of 40 percent per year. Estimated feed imports in 1961 totaled 3.6 million metric tons; poultry feed accounted for about 80 percent of the total. Some indication of the growth possible in this market is a comparison of the 2-pound-per-person poultry consumption of Japan with the 40-pound-per-person level of the United States.

In addition, market development in Japan with soapmakers has produced highly successful results.

The National Renderers Association has recently opened an office in Rome and assigned a representative to work on tallow promotion in Western Europe. Special emphasis will be placed on the use of tallow in feeds.

The broiler industries in Italy and Spain have expanded rapidly in recent years, making them particularly promising markets.

In Italy, the growth of the broiler industry has been phenomenal. One million birds were produced in 1954—60 million in 1959. Italy imported 272 million pounds of U.S. tallow in 1960, in addition to domestic production of 75 milion pounds. A projection of mixed-feed use indicates 1 million-ton consumption in 1963-64 and total feed grain requirements of 6.5 million tons.

In the United Kingdom and the Netherlands, too, the use of tallow in animal feeds is already established. Dutch farmers utilize feeds containing tallow in broiler and layer production. They also add it to calf starter which contains skim milk and grain. Rations fed to dairy cows contain up to 5 percent tallow.

### Tallow Industry Optimistic

Common Market countries make up a deficit-producing area for tallow and undoubtedly will continue to be an important outlet for U.S. exports under low tariffs. The high tariff with which France now protects its domestic tallow producers will eventually become lower to match the common external tariff. More difficult to predict is the outcome vis-à-vis the United Kingdom, now largely supplied by Commonwealth countries.

The long-term outlook for U.S. tallow is definitely "bullish." Future U.S. feed markets could absorb 1.4 billion pounds of tallow. Around the world, the demand for high-energy feeds will undoubtedly increase as livestock and poultry industries become more efficient. In fact, the potential for feeding tallow exceeds the quantity now produced.

Another aspect is that although detergents continue to make inroads into markets formerly held by tallow-based soaps, there are indications the trend may be slowed, or even reversed in some cases.

Legislation has been discussed in a number of countries to protect fresh water supplies from the effects of certain chemical detergents which at present cannot be removed by mechanical means. Legislation limiting the use of detergents could cause abrupt changes in the market outlook for tallow.

Moreover, a revival in demand for tallow-based soap might even price tallow out of feed, since its use in feed is determined largely by its relationship to feed grain prices.

# U. S. Farm Surpluses Are Helping Indonesia

**By CARL O. WINBERG**
**U.S. Agricultural Attaché**
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Indonesia faces many of the same problems that plague other underdeveloped nations: Large and growing population, insufficient agricultural production, poor transportation and communication, political unrest, and the like.

An 8-year economic development plan, now in its third year, is expected to help alleviate some of the difficulties. The program will cost about $3.3 billion, of which at least $1 billion will have to come from abroad.

Helping to finance this scheme, especially its agricultural aspects, is one of the big jobs foreign currency sales under Title I of Public Law 480 are doing in Indonesia. Our P.L. 480 programs provide commodities to help feed the people and keep the factories running. They help conserve Indonesia's scarce dollar resources as well as provide funds to boost the nation's economic development.

The first P.L. 480 agreement with Indonesia was signed in 1956 and the fifth and most recent just last February. The 1962 agreement sets up a 3-year program that will insure supplies of rice, wheat flour, cotton, and tobacco at least through 1964.

In the past, P.L. 480 commodities have bridged over periods when Indonesia's foreign exchange earnings dropped too low to finance sufficient imports of food and raw materials. Without the program, there could have been severe food shortages, especially of wheat flour and rice, and periods when spinning mills closed down for lack of raw cotton, looms for lack of yarn, and cigarette factories for lack of high-quality U.S. leaf.

In all, the United States and Indonesia have entered into Title I agreements valued at $268 million. Of this amount, approximately $93 million is involved in the 1962 agreement. To date, that agreement is for $15 million worth of wheat flour, $24.5 million worth of rice, $36.3 million worth of cotton, and $10 million worth of tobacco. These figures exclude shipping costs.

## Commodities Programmed

*Cotton.* Indonesia must import almost all the raw cotton consumed by its spinning mills because its domestic production is extremely small. With normal imports supplemented by P.L. 480, large spinning mills can be assured three-shift operation all year.

But, even if all the spindles are kept active all the time, they can only supply about one-tenth of the cotton yarn Indonesia needs. The Government of Indonesia plans to increase the number of spindles from its present 125,000 to close to the 1.7 million that are needed. Much of the additional cotton needed by the new mills will be financed by P.L. 480.

The agreements also include an import requirement of raw cotton from the United States, intended to assure that foreign currency sales do not displace regular imports.

Because of past yarn shortages, looms have been kept idle, often as much as 6 to 9 months a year. Also, there is a loom shortage—just as there is a shortage of spindles. With all the looms operating, they would not produce enough to meet Indonesia's textile needs. P.L. 480 fits in here too, financing part of the cost of yarn and textiles from third countries. Stocks have even been accumulated as a hedge against inflation.

*Tobacco.* U.S. leaf complements Indonesian leaf and supplements the usable Virginia-type flue-cured produced there. Indonesian flue-cured lacks the color and flavor needed for high-quality cigarettes.

Cigarette production does not now meet demand, and cigarettes are sold above the price fixed by the government. Cigarette factories work only one shift, do not advertise, and until recently were allowed to operate only a limited number of machines. The factories now maintain continuous production of the higher quality brands that earn large amounts of tax revenue for the government.

*Rice.* The Indonesians traditionally are rice eaters, and a large percentage of total foreign exchange expenditure goes to purchase rice. Even so, there are not enough dollars available to import the rice that the nation needs. P.L. 480 has enabled Indonesia to purchase additional rice without spending foreign exchange. These imports have helped to feed the large number of government employees, both civilian and military, and to supply rice to urban centers and such other rice deficit areas as the agricultural estates and the petroleum-producing regions. To protect traditional suppliers, Indonesia must also import its usual amount of rice outside P.L. 480.

*Wheat Flour.* Indonesia must buy all its wheat flour. With limited foreign exchange available and with first priority given to rice, Indonesia is able to expand wheat flour imports only under P.L. 480. As in the case of cotton and tobacco, these added wheat flour imports increase production efficiency and create jobs by making its possible for bakeries and other manufacturers to maintain continuous operation. A commercial import requirement assures traditional suppliers of their market.

## Currency Use

A large portion of the rupiahs generated by these sales has been returned to the Indonesian Government as loans and grants for economic and agricultural development. Through June 30, 1961, approximately $93 million worth of Indonesian rupiahs were earmarked for loans to the Indonesian Government; $23 million worth for grants for economic development and $14 million worth for loans to private enterprise.

The government will use the funds to help finance irrigation systems, rice storage warehouses, paddy centers, livestock and fishery projects, agricultural experiment stations, seed improvement and distribution projects, fertilizer storage, cover crop projects, and the rehabilitation of rural roads.

Photographs by Gordon R. Schlubatis

# Zanzibar Looks Ahead

## This East African island is seeking new crops for its farmers and new markets for its cloves and coconuts.

**By ROBERT E. ADCOCK**
**Agricultural Officer**
**Nairobi, Kenya**

Zanzibar's efforts in meeting its economic needs have for decades now centered on the production and marketing of clove and cocoanut products. Well over 95 percent of its trade income is derived from cloves, clove oil, copra, coconuts, coconut oil, and coconut fiber (coir).

The two islands of the British Protectorate, Pemba and Zanzibar, provide about 80 percent of the world's cloves. But they have an unfavorable trade balance—a strong stimulus to extend and increase the markets for their principal exports and to produce new products as sources of export earning.

Their methods of maintaining and increasing clove markets are mainly traditional ones: seeking stability of supply and price and developing quality markets. The introduction of new use or uses beyond the traditional, however, are rather unusual.

U.S. merchants and consumers still think of cloves only as a spice to decorate and flavor a baked ham, or to stick into a pickled peach. However, as much as 65 percent of the world's cloves are smoked—ground and mixed with tobacco in cigarettes.

Indonesia is the largest consumer, importing over half of Zanzibar's cloves each year. It may be recalled by some that when menthol cigarettes were introduced to American consumers, a similar effort was made to introduce the clove cigarette. Zanzibar clove men lay the failure of that effort to an erroneous report that a clove disease would wipe out Zanzibar clove production within 10 years.

The officials of the Clove Growers' Association keep in touch with the markets and with the people of the customer countries. Every promising angle within reach of their budget is considered. Recognizing the importance of appearance and quality, the C.G.A. bases guaranteed producer prices on grade specifications.

Recently, a special super-quality has been selected for export to the United States. To supply this quality market, about 50 women painstakingly select individual perfect clove buds from the high-grade lots at a cost of about 7 U.S. cents per pound. These are going to American importers in special 28-pound cartons at the rate of 10 tons a year. The Association hopes to increase this market fourfold within the year.

Not long ago, housewives bought all the cloves available in Surrey County, England, the result of another promotion program—a contest in making pomanders. These are made by sticking cloves in oranges and then drying them to give wardrobes and linens a pleasant scent.

Over the past 10 years, Zanzibar's production has fluctuated from less than 3,000 tons to over 24,000 tons. These large fluctuations in the clove crop are due in part to bearing cycles which are influenced by the weather but also to factors which are not clearly understood.

To meet export requirements of 9,000-12,000 tons a year and avoid wide swings in price, there must be provision for maintaining adequate supplies. The C.G.A. offers a minimum producer price and, in years of high production, evens off the supplies available for export. To ensure movement of these stocks, exporters are required to purchase half their supply from the Association.

Discussions have recently been held with the authorities of the second largest producer, Madagascar. They have planned a publicity campaign to increase demand for cloves for normal purposes and to embark on a joint industrial research scheme to introduce cloves into new products. These activities will be financed jointly by clove interests in Zanzibar and Madagascar and possibly by some U.S. industrial research firms.

The Zanzibar Ministry of Agriculture, while not discouraging clove production, is experimenting with other crops and encouraging farmers to diversify. It is concerned at such dependancy on their No. 1 crop,

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This is the third in a series of three articles on island agriculture.

Clove and coconut products earn about 95 percent of the island's income. Opposite page, picking cloves. Above left, cloves are weighed and stored at a Clove Growers' Association warehouse in Pemba, Zanzibar's neighbor.

The pictures at right show cloves spread out in the sun to dry. At present a super-quality clove is being shipped to the United States.

cloves, and their No. 2, coconuts.

In addition to distributing seedlings of these two crops as usual, the Ministry stepped up distribution of cacao seedlings from 200 in 1959 to 120,000 in 1961. Given windbreaks and disease-control sprays, cacao starts production in the fourth your. A few old cacao trees left on a former Sultan's plantation give evidence of long-term adaptibility.

Excellent-quality mangoes are produced for local consumption and along with such crops as nutmeg, limes and other citrus, chillies, ylang ylang and coffee, are future export possibilities.

Livestock is not of great importance on the islands. Cattle have increased about 45 percent since 1938, but remain a minor enterprise, numbering about 47,000 head in 1960. Goat, sheep, and donkey numbers are stable. This position of livestock is not entirely because of a lack of land, but due also to poor land utilization. Demonstration pastures of the Ministry of Agriculture show that very good pasture can be developed on shallow coral soils, which are now idle brushland.

As in the rest of East Africa, livestock diseases are numerous and strict veterinary regulations are required. Dairy product imports represent about $130,000 per year, with the Netherlands as the largest supplier.

The Ministry's efforts to expand the export base are supplemented by efforts to increase production of some import crops. Agricultural imports amount to $6-7 million per year, or about 40 percent of total imports.

Rice is the major commodity imported and, depending on the amount of local production, varies from 5,000 to 12,000 tons per year. Burma, Thailand, Pakistan, and Tanganyika are traditional suppliers. As in other crops, the Ministry provides seed and cultural demonstration in an effort to encourage home production. Sugar and wheat flour are also important agricultural imports—about 7,000 tons apiece annually.

None of these agricultural imports come from the United States. However, the United States is a fairly important purchaser of Zanzibar's products, buying about 5 percent of its cloves and 45 percent of its clove oil.

And there are other ties between the United States and Zanzibar. Our government recently reopened the U.S. consulate there after a lapse of 46 years. Opened in the 1800's, this was one of the first foreign consulates in Zanzibar.

Recently, one of the country' two extension agents received 3 months' agricultural extension training at the U.S. Department of Agriculture. On the shoulders of these two agents rests a big part of the job of boosting Zanzibar's agriculture toward its goal of balanced trade and improved rural conditions. Their work is considerably eased by the fact that about 90 percent of the rural people read Arabic and speak Swahili and extension circulars—written in Swahili with Arabic characters can be circulated.

# Can Turkey Stage a Comeback in Wheat?

Following World War II, Turkey embarked on a huge agricultural program which highlighted wheat, among other things. Wheat acreage was expanded in the Anatolian Plateau, a vast mechanization scheme was begun, roads and marketing facilities were improved, and support prices raised. By 1953, wheat was one of the country's leading exports. It even looked as though Turkey had become a competitor of the United States in the world wheat market.

A single year changed the wheat picture completely. Unfavorable weather reduced Turkey's output in 1954, causing it to shift from a wheat exporter to a wheat importer. And ever since then the country has been a big wheat buyer, the volume fluctuating from year to year.

The question now is not whether Turkey can, in the forseeable future, regain a strong position as a wheat exporter, but whether it can grow enough wheat to supply its own needs. The answer is probably "No."

### Yields Slowing Down

There are many reasons for this pessimistic view. The most obvious is that Turkey, compared with neighboring countries, has a high per capita wheat consumption. Also, the population of the country is growing rapidly. But as one looks at production records, it is apparent that wheat yields are not increasing, but are showing a slight decrease each year.

Moreover, there does not appear to be any well-organized, vigorously applied program to increase wheat production. The villager usually has enough wheat to feed his family and is not interested in producing any more. Even the extension service makes an indifferent approach to the problem of boosting production.

Most of Turkey's wheat troubles stem, first, from weather and soil conditions that make wheat growing precarious and, second, from outdated cultural practices, which can be attributed to the government's lack of funds and to the country's somewhat antiquated farming pattern.

In setting high goals for wheat production, the Turkish Government was overly optimistic. It did not give proper consideration to the highly variable climate on the Central Plateau where drought can be expected at least 1 year in 5. Nor was it prepared to combat erosion. (Turkey's cultivated land totals 24.9 million hectares, of which 5 million are exposed to medium erosion and 12 million to extreme erosion.) As a result of erosion, a good share of the new wheat area is being abandoned every year causing severe losses.

### Irrigation Troubles

There is a total of between 3 million and 4 million acres of land in Turkey that is suitable for irrigation. Unfortunately, irrigation has not gone forward as rapidly as planned, though the government is trying to bring around 100,000 acres under irrigation each year. This would be extremely helpful if the efficiency of the country's irrigation schemes were not being reduced by from 14 to 35 percent because of technical difficulties in operation of the systems. Part of this is caused by the farmers themselves, who do not have the proper understanding of how to manage the systems or of how to handle the irrigation waters on their own land.

Through excessive use and water erosion, Turkey's soils have lost mineral elements in large amounts over a period of years. Those in the main wheat-producing areas on the Central Plateau lack both nitrogen and phosphorous; in the Thrace regions nitrogen is missing. And because little or no fertilizer has been used and the humus content has been greatly depleted, the water-micro-organism balance is poor.

It is only recently that fertilizers have been available in any quantity. A chemical fertilizer plant, begun in 1957 in west-central Turkey, is not yet working at full capacity, and a second plant at Iskenderun stands idle. To help farmers, the government has reduced the price of domestic fertilizers, but they are still higher than world prices, and any improvement in either prices or supplies is impossible without large subsidies.

Scattered throughout Turkey are small grain elevators. Many farmers, however, grow only enough for their needs.

### Cultural Practices Outdated

Turkish farmers, for the most part, use centuries-old methods to work their land. Their plows are still pulled by bullocks, which means that they cannot plow very deep and because of this slow method are usually late with both fallowing and planting. Harvesting is done almost entirely by hand, or by old-fashioned machines. And the cleaning and winnowing of the grain is another hand chore, usually performed by the farm women.

It is not easy for Turkish farmers to modernize. Most farms are small, and while there are about 44,000 tractors in Turkey, at least a fourth of these are out of operation. There is a shortage of spare parts, and not too many farmers have the technical skills to repair and operate a tractor.

The Turkish Ministry of Agriculture is well aware of these shortcomings and has drawn up programs to remedy them. Not too much has been accomplished to date. When the new administration came in after the May 1960 revolution, it was faced not only with reorganization difficulties but with the business of coordinating new

The Turkish people are big bread eaters, and most of it is made either in small bakeries, as above, or in a more primitive manner, left, by the village women.

In Turkey the farmer's wife (above) helps with the harvest. Right, U.S. wheat being unloaded at a small port on the Black Sea.

plans with those already scheduled.

In the meatime, the country's wheat requirements keep increasing. It has been estimated that 68 percent of the total calories in the Turkish diet come from cereals, and 80 percent of these from wheat. Thus Turkey's per capita wheat consumption is around 180 kilograms annually, and when this figure is multiplied by 27.8 million people you get 5.2 million metric tons that will be consumed during the 1961-62 crop year. To that must be added another 1.5-2 million tons for seed, animal feed, and spoilage.

The 1953 wheat crop, the last big one, totaled 8 million metric tons, enabling the country to export 950,000 tons that year and over 400,000 the next. But were another 8-million-ton crop to be produced, Turkey would do well to break even because of the extra mouths to be fed.

### Current Harvest

The 1961-62 wheat crop now being harvested is unlikely to exceed 6.5 million tons—and in all probability will be somewhat less. The 1961 summer season was very dry, summer fallowing was ineffective, and seeding was delayed until mid-December in the southern half of the country. Lack of seed also contributed to a reduction in the acreage sown to wheat.

Turkey's wheat exports have been sporadic since 1954, and in several years, including 1960, no wheat was shipped abroad at all. As for imports, they have been mounting rapidly. This past year, ending May 31, Turkey bought 1.5 million tons of U.S. wheat under the provisions of Public Law 480—as much as it had taken from the United States in the 7 years previous. And while it is unlikely that the need for imports will be as great this coming year, nevertheless they should total somewhere between 700,000 and 800,000 tons.

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This article is based on a report sent in by our attaché's office in Ankara. Most of the pictures were taken by the attaché himself, Gordon R. Schlubatis.

# Agriculture in the USSR
## at the beginning of the 1962 crop year

*Ordinarily* Foreign Agriculture *uses production figures prepared by USDA analysts, but here we are presenting official Soviet statistics, on which Soviet agricultural planning is based. Some of these statistics differ from USDA estimates—especially for grains and livestock products.*

Soviet agriculture in the current year is facing a supreme challenge. In his address at the March Central Committee Plenum, Premier Khrushchev warned that if the problem of doubling and tripling the production of major agricultural products in the next several years is not solved, the country would be placed in great difficulty, and the building of Communism would suffer.

A review 3 years after launching the Seven Year Plan, which promised to raise agricultural production 70 percent by 1965, shows net annual increases of only slightly over 1 percent as compared to 8 percent envisaged in the Plan. Commitments for 1961 were met by 89 percent for grain, 75 percent for meat, and 80 percent for milk.

A series of changes in the structure of Soviet agriculture, which started with the sensational New Lands Program in 1954, has not brought the break-through in production that was hoped for. Although the New Lands Program increased the sown area by about 100 million acres and boosted grain production, the cost has been high. There have been only two good harvests in 7 years.

### The 1961 Crop Picture

At the end of 1961, the USSR's agricultural economy, while showing some improvements, had fallen far behind planned increases and the consumer demands of a population that has increased 29 million since 1953.

The total sown area for last year was about 606 million acres, an increase of 3.95 million acres over the previous year. Despite an expanded grain area of 316.9 million acres as compared with 300.6 million in 1960 and a reported 2.9-million-ton rise in total grain production, average grain yields increased only slightly. Of the three major grain-producing Republics—RSFSR, Ukraine, and Kazakhstan—only the Ukraine met its Plan commitments. For the year, production and procurement of grain were:

| | 1960 | 1961 |
|---|---|---|
| *Production:* | *Mil. m.t.* | *Mil. m.t.* |
| Total grain | 134.4 | 137.3 |
| Wheat | 64.3 | 66.3 |
| Corn (inc. milky stage) | 18.7 | 24.1 |
| Corn (mature grain) | 9.8 | 16.9 |
| Procurement: | | |
| All grains | 46.7 | 52.1 |

Official Soviet figures.

One of the bright spots in the crop picture for 1961 was the reported high production of 4.7 million tons of sunflower seed and the correspondingly large deliveries of 2.92 million tons. Figures for these and other field crops were:

| | 1960 | | 1961 | |
|---|---|---|---|---|
| | Production | Procurement | Production | Procurement |
| | *Mil. m.t.* | *Mil. m.t.* | *Mil. m.t.* | *Mil. m.t.* |
| Cotton, seed | 4.3 | 4.3 | 4.5 | 4.5 |
| Sugar beets (factory) | 57.7 | 52.0 | 50.39 | 48.0 |
| Sunflowers | 4.0 | 2.29 | 4.7 | 2.92 |
| Potatoes | 84.4 | 7.1 | 84.0 | 7.0 |
| Vegetables | 16.57 | 5.10 | 15.6 | 5.5 |

Official Soviet figures.

### Livestock—and Products

The number of livestock increased during 1961 but the production of livestock products showed only slight gains and fell substantially short of Plan commitments. The meat situation was so acute that some cities actually suffered from meat shortages during the year. Khrushchev frankly admitted that the reason was that meat was just not available. The two tables that follow show livestock gains and the smaller increases for livestock products:

| | Jan. 1, 1961 | Jan. 1, 1962 |
|---|---|---|
| | *Mil.* | *Mil.* |
| Cattle | 75.8 | 82.1 |
| Cows | 34.8 | 36.3 |
| Swine | 58.7 | 66.6 |
| Sheep and goats | 140.3 | 144.4 |

| | 1960 | 1961 |
|---|---|---|
| Meat: | *Mil. m.t.* | *Mil. m.t.* |
| Produced | [1]8.685 | [1]8.8 |
| Delivery | [2]7.878 | [1]4.422 |
| Milk: | | |
| Production | 61.718 | 62.5 |
| Delivery | 26.312 | 28.3 |
| Eggs: | *Mil.* | *Mil.* |
| Production | 27,463 | 28,963 |
| Delivery | 6,452 | 7,376 |

[1] Slaughter weight. [2] Live weight. Official Soviet figures.

The Soviets attribute the short supplies of livestock products largely to the rise in urban population and to higher consumer purchasing power. This is true to a degree, and purchasing power would undoubtedly be an even greater force if food prices were reduced. Another factor is the disparity between production costs on the farm and procurement prices paid by the state. In many cases, production costs on collective and state farms exceed procurement prices.

## A Major Revamping

The March Plenum of the Party Central Committee which met to solve the problems of lagging agricultural production left in its wake a new reorganization scheme intended to effect a major revamping of the agricultural production-procurement apparatus. This scheme is designed to fix Party responsibility and to bring more direct Party control and Party guidance to both production and procurement.

The Plenum also set up a program to intensify Soviet agriculture by drastically reducing the area in grass and fallow and expanding the cultivation of row crops. Grasses and fallow will be reduced on an area totaling slightly over 128 million acres and replaced with sugar beets, corn, peas, and feed beans. Almost one-half the area is to be converted this year.

Both long-term and short-term production plans were revised upward in the Party program adopted at the 22nd Party Congress, in October 1961. The goal for grain production for 1980 was set at 295.5–311.5 million tons, with deliveries up to 114.7 million. Increases for given years, based on estimated growing consumer demands and stated requirements, presented at the March Plenum, are:

| | Grain | Meat | Milk |
|---|---|---|---|
| | *Mil. m.t.* | [1]*Mil. m.t.* | *Mil. m.t.* |
| 1961 (actual) | 137.8 | 8.8 | 62.5 |
| 1962 | 163.8 | 12.9 | 85.0 |
| 1965 | 191.6 | 16.1 | 105 |
| 1970 | 229.3 | 25.0 | 135 |
| 1980 | 295.5-311.5 | 30-32 | 170-180 |

[1] Slaughter weight. Official Soviet figures.

To achieve the level of agricultural production planned for 1970, production would have to increase at an annual rate of 11 percent for the next decade. Annual increases of about 13 percent would have to be made to successfully fulfill the Seven Year Plan ending in 1965.

## Capital Investment

In 1961, total investment in agriculture was 6.21 billion rubles. This year it was reported that total investment would exceed last year's by 25 percent, for a total of 7.6 billion rubles.

There is little doubt that additional quantities of machinery and fertilizers will have to be made available to intensify cultivation and raise production. The number of tractors alone would have to more than double in the next 2 to 3 years, and the demand for other types of machinery is no less pressing, as is shown in the table, above right.

Fertilizer production would have to be expanded substantially in order to double or triple yields of some of the major crops, as proposed in the program. Some economists report about 130 million tons of fertilizers are necessary to meet annual demands.

| | Jan. 1, 1962 | Need |
|---|---|---|
| | *Thousands* | *Thousands* |
| Tractors | 1,168 | 2,696 |
| Cultivator tractors | 620 | 1,620 |
| Combine, grain | 503 | 845 |
| Combine, ensilage | 121 | 257 |
| Combine, corn harvesting | 38 | 111 |
| Sugar beet harvesters | 36 | 257 |
| Trucks | 790 | 1,650 |

Official Soviet figures.

Although the Seven Year Plan calls for production of fertilizers to increase to 35 million tons per year (an increase of about 23 million tons), 3 years have passed and production has gone up only 2.9 million tons. Last year, production was 15.3 million tons instead of the 18 million planned. Furthermore, construction plans for increasing fertilizer production capacity have been fulfilled by only 44 percent in the past 3 years, and little has been done to convert present output to other than superphosphate.

## Prospects for 1962

For this year, everything would seem to indicate modest increases in both crop and livestock production. Only a small portion of the gains will be the result of the new organization, as the attendant problems will be many. Undoubtedly plowing up grassland and reducing fallow will result in some short-term gains; however, long-term gains unless provided with an adequate base—fertilizer, machinery, etc.—will probably be less than planned.

Natural conditions will again strongly influence the harvest outcome this year. Western Siberia, the Volga Region, and Tselinny Kray had an early spring. In the New Lands, low moisture together with the growing weed problem have held yields to a minimum. In general, the European USSR experienced a late spring but the North Caucasus has had good crop conditions.

Spring conditions in the Ukraine were complicated by subfreezing temperatures alternating with cold, rainy weather which delayed sowing. April weather was generally warm but with drying winds and little rainfall. In the southern Ukraine, these poor conditions were preceded by a dry fall and a winter with limited snowfall, creating difficulties for winter grains, especially wheat. And while unusually high early-spring temperatures in Central Asia facilitated rapid sowing of the cotton crop, moisture conditions were critical, for irrigation water is in short supply, as it was last year.

## Trade Outlook

Wheat is the USSR's major export crop. For the past several years, its wheat exports have hovered around 6 million tons, of which about 2 million tons passed into non-Bloc channels. Its chief Free World customer is Western Europe, which takes about three- fourths of its non-Bloc exports. In addition to wheat, rye and coarse grains are exported in lesser quantities. Cotton, vegetable oils, and oilseeds make up the bulk of the remaining farm exports.

Existing shortages and growing demand tend to keep most of the country's production at home—at least, for the present. However, the Soviets are hoping that 1962 will see a marked improvement in weather conditions and thus in their exports—especially larger sales of wheat and

*(Continued on page 16)*

# Poland's 1961 Farm Trade With West Up As Polish Farm Exports Rise One-Third

Poland's farm exports in 1961 were three times bigger than farm imports—further proof of Poland's ability to avoid the agricultural problems of other Sino-Soviet Bloc members.

Exports rose 35 percent, with big increases in sugar, pigs for slaughter, poultry meat, and eggs. Imports rose only 8 percent; barley (mainly for human consumption) registered the biggest gain, with 1961 imports from the United States double those of the previous year.

Poland's imports from the United States rose 44 percent during the past year. Much of the increase consisted of farm commodities supplied under P.L. 480 for payment in local currencies. Polish exports to the United States rose 13 percent.

In general, grain and cotton continue to be Poland's biggest imports; meat and poultry and their byproducts, its biggest exports.

Most of Poland's farm exports go to West Europe. In 1961, almost all bacon exports went to Britain, and about 70 percent of canned meat exports went to West Germany and the United Kingdom. Over half of poultry exports went to West Germany, though sales were off slightly for the second year.

Poland's egg exports increased 48 percent in 1961—with West Germany, Italy, and Britain taking about 75 percent of the total. Butter exports, down 7 percent in 1961 (only farm export not showing increased sales), continued to go mostly to Britain. Britain also got about one-third of Poland's doubled 1961 exports of sugar.

On the import side of the ledger, Poland took 10 percent more cotton in 1961, with a 30,000-ton increase in imports from the United States. Wheat imports remained about the same, though takings from the USSR were off over half a million tons. Wheat imports from Canada went from 123,000 tons to 468,000—from the United States from 768,000 to 881,000. An increase of 100,000 tons of barley, too, came mostly from the United States.

It is this significant trade orientation toward the West and the fact that Poland, alone of the Sino-Soviet Bloc, has kept the bulk of its small farms in the hands of private owners, which make the United States reluctant to reduce trade ties helping to water down Soviet influence.

Poland's rice imports dropped 40 percent because of China inability to supply rice in 1961. Oil and oil-seed imports from China were off 85 percent, too, while imports from the United States went up 7 percent. The resultant overall decrease in oilseed imports was offset by bigger imports of animal and vegetable oils.

Poland's 1962 foreign trade plan aims at a 10-percent increase in farm exports, and a 30-percent decrease in imports. The Poles have already agreed to purchase for dollars at least 10,000 tons each of cotton and rice from the United States during the first 7 months of 1962—and will also take under P.L. 480 double that amount of cotton and 10,000 tons of rice. Previously, they had agreed to buy commercially about 23,000 tons of U.S. tallow in 1962—the same amount as in the year before—and 200,000 tons of U.S. feed grains.

The biggest "if" in Poland's future export plans is the Common Market. So far, Poland has not threatened tariff action against the Market as have some other East European countries, but has publicly ruminated about new markets, and the possible necessity of stepping-up trade with the Bloc.

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## Agriculture in USSR

*(Continued from page 15)*

sunflower seed and oil.

In addition, in the absence of USSR wheat shipments to Communist China, more wheat could be made available for sale to Western Europe. Certainly, the USSR seems inclined to maintain its present position in the international wheat market, as evidenced by its regular exports.

The loss of soybean imports from Communist China has stimulated an interest in domestic production. By 1963 all existing oil-processing plants and the Irkutsk Fats and Oil Combine, to be completed then, will require 500,000 tons of soybeans annually. But by 1965, 30 percent of the cultivated area in the Soviet Far East will have been planted in soybeans, with the expectation that the country's output will then be 1.1 million tons.

As for Soviet imports, they remain relatively low, with the exception of rice and fruits. In 1961, the Soviet Union agreed to purchase 2.8 million metric tons of raw sugar from Cuba, but declining Cuba production may greatly reduce sugar imports this year.

The USSR made several purchases of meat abroad last year, and more purchases are already in progress for this year. Although there has been a reluctance to import meat, shortages and a desire to build up herds at home—coincident with overproduction in a number of West European countries—have resulted in several transactions involving high-quality meat at low prices. Beef and mutton have also been bought from Canada, New Zealand, and Australia.

## U. S.-Guatemalan Trade Is Being Affected by CAFTA

Guatemala's import statistics for 1959 and 1961 indicate that imports from member countries of the Central American Common Market (CAFTA) are having an adverse effect on farm imports from the United States.

Commodities hit the hardest by this competition were margarine, lard, and their substitutes. U.S. shipments in 1959 amounted to $950,300. Last year they dropped to $147,100 while those from the CAFTA countries rose.

Eggs also suffered a decline, but increased local production was partly responsible. Within the margarine and lard group there was little rise in domestic output; the drop in U.S. imports was caused by larger purchases from Honduras and El Salvador.

# Land for Iran's Farmers

## Iran has redistributed the Shah's estates and, under a recent law, has begun to resell privately owned land.

"Give us the land and we will make a paradise," said the farmers of Maragheh when the Government of Iran chose their village as the site of a pilot land reform project. To back up their words, they raised money for cooperatives and village councils.

The Ministry of Agriculture is buying the land from the landlords there at prices figured according to the landlords' tax evaluations and to be paid within 10 years. They resell it to the farmers who worked the land for the same price—plus 10 percent to help finance the project. The farmers are to pay in 15 years, starting 1 year after taking title.

Maragheh is an arid area in East Azerbaijan, where wheat is the main crop but raisins bring in most of the cash. Almonds and other tree nuts are smaller cash crops, and there is some grazing for sheep and cattle.

The land there is the first privately owned land to be distributed under a law passed last January. The project was preceded by sale of lands the Shah inherited from his father. In 10 years, nearly 200,000 hectares of land were sold to 42,000 farming families in 517 villages. The last 39 villages of these crown estates were distributed to peasant cultivators in a formal ceremony last April.

In the distribution of the royal lands, about half the lands were sold to the same farmers who cultivated them. Efforts were also made to consolidate scattered holdings and to help organize village purchasing and marketing cooperatives.

Each landlord will be allowed to retain one village. The rest of his holdings are subject to government purchase. No attempt is made in either project to equalize the size of farm units, on the assumption that each farmer is now working as much land as he is capable of handling.

Redistribution of land, however, is not the whole answer to Iran's agricultural problems. There are many other difficulties to overcome, many of which will require government help:

Irrigation is the major problem in Maragheh and much of the rest of Iran—and is receiving top priority. The water supply is insufficient and unevenly distributed.

Credit facilities are inadequate throughout Iran.

Most villages in Maragheh already have village councils composed of young literate villagers but such councils are by no means universal.

Marketing cooperatives and government experts will have to start almost from scratch to establish a marketing system.

In Maragheh, there have been quality and standardization problems with the raisins produced.

Fertilizer, good seed, and either breeding cattle or an artificial insemination setup are all needed.

There are shortages of extension workers and agronomists and other technicians. The Minister of Agriculture has proposed a series of 6-to-8-week training courses to develop needed manpower.

Nevertheless, land reform may be the shot in the arm Iranian agriculture needs to start it moving more quickly toward modern efficient production. And if the operation at Maragheh is successful—and chances for it are good—several similar projects will be started next year.

Top, the Shah hands his land title to a farmer in Maragheh, site of Iran's first land project that involved privately owned land. Right, the Agriculture Minister watches a new owner-operator register his land.

# Europe's Pork Production Up—And So Are Price Supports and Duties

Western Europe, a large and expanding market for pork, is moving toward self-sufficiency. Hog numbers and pork producion have almost doubled since World War II, reaching record peaks in many countries.

Production averaged 7 billion pounds a year in 1946-50. It reached 11 billion pounds in 1951-55, 13.7 billion in 1960, and was still higher in 1961. Hog numbers jumped from 34 million just after the war to nearly 62 million last year and are expected to continue rising steadily for several more years.

At the same time per capita consumption has gone up with Europe's burgeoning prosperity and could be still higher. Population has grown too. There is little probability that the market will be saturated in the next few years and the only real brake on pork production would be the availability of feed grains.

This expanding industry has been buoyed by government policies in the form of price supports and import restrictions—including, in many cases, complete prohibition of U.S. pork because of the fear of hog cholera.

Programs vary from country to country. In West Germany, the most important hog-raising country in Western Europe, there are no price supports but the government attempts to maintain "target prices" on domestic pork through rigid import controls and limited stockpiling. The Import and Storage Agency purchases all pork imported, releasing it for consumption when domestic supplies are low. However, the Germans use a lot of pork, and much of it is still imported, including large amounts of variety meats from the United States.

In Denmark, the area's leading exporter of pork and pork products, all cooperative and private slaughterhouses are members of the Bacon Export Board, an agency that regulates exports and determines hog prices. Exports are exempted from the slaughter tax levied on hogs killed for domestic use, and prices are kept competitive with the world market through export subsidies. Denmark imports no pork and exports primarily to the United Kingdom.

Italy prohibits all imports until domestic prices reach set levels—generally so high that they sharply curtail imports. France, Europe's second largest producer, has minimum and maximum target prices maintained through government purchases, exports and adjustment of import duties.

The Netherlands uses another variation of the target price idea, setting weekly prices on bacon hogs and maintaining them through strict export and import control and price subsidization at point of slaughter.

Other European countries have similar programs and, on the whole, they are successfully increasing pork production. One notable exception, however, is Sweden. That country's government protects hog producers by regulating imports with licenses and tariffs and imposing special variable import levies to equalize domestic and import prices. Production in 1960 was only some 35 percent above the 1946-50 average, and hog numbers had risen but 50 percent, compared with increases of 100 percent or more in most of the other European hog-raising countries.

A more typical example is the situation in the United Kingdom, with guaranteed hog prices adjusted to prices of hog feeds. When these support prices were lowered in 1959, it caused a sharp break in the 10-year upward trend in hog numbers. When the program was re-evaluated and the guaranteed prices raised, hog numbers responded with a sharp increase.

Feed and other production costs are high in Western Europe and, without government subsidies, these nations would probably be forced to lean heavily upon imports, primarily from the United States and Canada. In a year or two, the United States is expected to be exporting certified hog-cholera-free meat, and only slight production adjustments would be needed to provide the types and amount of pork the European market demands.

# Feather Output, Sales Up On South African Farms

South Africa's feather business is looking up.

Today the ostrich farmers in Oudtshoorn, "the feather capital of Little Karoo," are riding a wave of returning prosperity, and although it is nothing like the boom days of the 1880's, there is a marked revival in sales and exports.

Regular feather sales again take place at Oudtshoorn and other centers, with the best feathers going to make European and American feather dusters, fans, capes, artificial flowers, and evening bags. The rest of the ostrich is put to use as well. Ostrich skin, an exceptionally tough, soft, and pliable leather, is well suited to the making of shoes, handbags, and luggage. The flesh is cut and dried for meat, and the bones are ground up for fertilizer.

South Africa's feather industry dates back at least to 1838, the earliest date for which exports of wild ostrich feathers are recorded. Domestication set in some time after 1850 and by 1865 the Cape Colony boasted 80 tame birds. Ten years later, the ostrich population had jumped to 32,247.

In the 1880's, the heyday of South Africa's feather trade, a chick sold for £10, a pair of adults for £200, an exceptional bird for as much as £1,000, and feathers generally brought £100 a pound.

The crash came partly because of the disruption of trade during World War I, and also because of the advent of the motor car and the replacement of large plumed hats by smaller ones that could better survive the winds of open-air travel.

The slump of 1913-14 ruined many ostrich farmers and traders, and it seemed as if the days of profitable ostrich farming were numbered. But the ostrich is a hardy animal—probably the hardiest of all farm livestock—and many raisers showed equal hardiness plus the ingenuity to find new uses and markets for their feathers. Their efforts have resulted in the current revival and some expansion in the feather industry, and most people seem to think that now the ostrich is more firmly entrenched that he ever was in the mixed farming of Little Karoo.

# THE FOREIGN MARKET For U.S. Tobacco

**By HUGH C. KIGER**
**Tobacco Division**
**Foreign Agricultural Service**

World trade in tobacco is slowly increasing but the U.S. share of the market is not growing with it. For the past few years the U.S. share has been around one-third of the total. This is considerably smaller than in the early 1950's.

In calendar 1962, U.S. tobacco exports are likely to be somewhat larger than the 500-million-pound average of the past 2 years, owing in part to the export payment program announced in February. Then they may drop back to the recent level of 500 million until the mid-1960's, when the impact of larger world cigarette consumption is likely to raise the level of our export trade moderately. But most of the expected gain in world export trade will probably be made by competing countries.

A number of favorable factors now help maintain U.S. tobacco exports.

World consumption of cigarettes is increasing at a rate of about 5 percent annually. In 1960, world cigarette output totaled 2,227 billion pieces, and preliminary information indicates a further sizable gain in 1961. Since cigarettes account for at least two-thirds of total tobacco consumption more and more leaf is being required by manufacturers.

### U.S. Tobacco Quality

Larger cigarette output reflects the sharp improvement in the economies of many important tobacco-consuming countries. As workers obtain better-paying jobs, they tend to buy more high-quality cigarettes, generally made of varying proportions of flue-cured, burley, oriental, and other light tobaccos. As the world's major producer of flue-cured and burley tobaccos, the United States stands to benefit from the steadily improving economic picture in most of its tobacco markets.

U.S. tobacco is still the hallmark of quality. However, the quality differential between U.S. leaf and that produced by our major competitor in world trade has been gradually narrowing. This margin must be widened if U.S. export trade is to improve.

In less developed areas of the world, dollar purchases of tobacco will continue to be extremely limited. Purchases of U.S. tobacco by these areas will have to be made, as in recent years, under U.S. Government assistance programs. But, in the absence of such programs, these markets would be virtually closed to U.S. leaf.

### Market Development

Market development projects for tobacco in some 15 foreign countries have had encouraging results to date and, in the years ahead, should materially assist in maintaining, or expanding the use of U.S. tobacco. These projects are of various types, including extensive advertising through such media as magazines, posters, radio, TV, and marketing surveys; and visits of foreign manufacturing and distribution experts to the United States to observe U.S. methods.

The "know how" of the U.S. tobacco industry will continue to be a mainstay of our tobacco export trade. Mutual respect between our exporters and customers abroad has been built up to a high degree over the years. These close ties should continue to be a favorable factor in export prospects for our tobacco.

### New Tariff Concessions Vital

Perhaps the most important influence on the future level of U.S. tobacco exports is the direction of our foreign economic policy. To have equitable access to world markets, the United States must be in a position to negotiate tariffs more favorable to our export trade. The future of the United States as a tobacco-exporting country would be in serious jeopardy without negotiation of lower tariffs.

These favorable factors affecting the future of U.S. tobacco exports may be considerably offset by certain long-evident trends unfavorable to the U.S. export position.

Since the end of World War II, there has been a vast expansion of tobacco production—particularly of cigarette-type leaf—in other tobacco-exporting countries. In addition, countries which once imported the great bulk of tobacco used, now get an ever-increasing proportion of their tobacco from domestic producers.

In 1950-54 the United States produced 53 percent of all flue-cured tobacco grown; in 1961 only 38 percent. Major competitors—the Federation of Rhodesia and Nyasaland, Canada, and India—have all sharply increased their flue-cured crops in recent years while U.S. production has remained well below 1950-54.

### Stiffening World Competition

Increased foreign production of the tobacco most in demand has put much larger quantities into competition with U.S.-grown leaf. The growing production of other cigarette tobaccos, particularly burley and oriental, is expected to continue.

Price differentials are an important factor stimulating foreign tobacco production. U.S. prices for low and medium grades, especially, continue to be generally higher than those for similar growths produced in other countries. Widening of this price spread would further encourage importing countries, especially where the manufacturers' profit margin is narrow, to buy more and more leaf from non-U.S. sources.

Trade barriers other than tariffs confront U.S. leaf in a number of important foreign markets.

Mixing regulations in several countries give a wide advantage to domestic producers. Australia had a record crop of tobacco in 1961, and produced almost as much in 1962. Growers in that country have requested the government to raise still further for the year beginning July 1, 1962, the percentage of domestic leaf (now fixed at 43 percent for cigarettes and 40 percent for smoking tobacco) that manufacturers must use to be eligible for duty concessions on imported leaf. Mixing regulations also favor domestic leaf in New Zealand and West Germany.

British Commonwealth producers have been exporting ever larger quantities of leaf to Britain (the world's largest tobacco importer) in recent years. Among principal factors encouraging such exports are a purchase arrangement between U.K. tobacco manufacturers and Rhodesia and a preferential tariff on Commonwealth tobaccos. The current level of purchases in the arrangement with Rhodesian growers amount to 100-105 million pounds each year through 1964. This is far more than called for a few years ago, and prospects are that imports from Rhodesia will continue to be important in U.K. purchases to the detriment of U.S. exports.

The British tariff on the principal category of tobacco imports from the United States is equivalent to $9.92 per pound—about 21½ cents more than on leaf from Commonwealth areas. This preference has greatly assisted Commonwealth producers in capturing more of the U.K. market. This, too, hurts the U.S. grower.

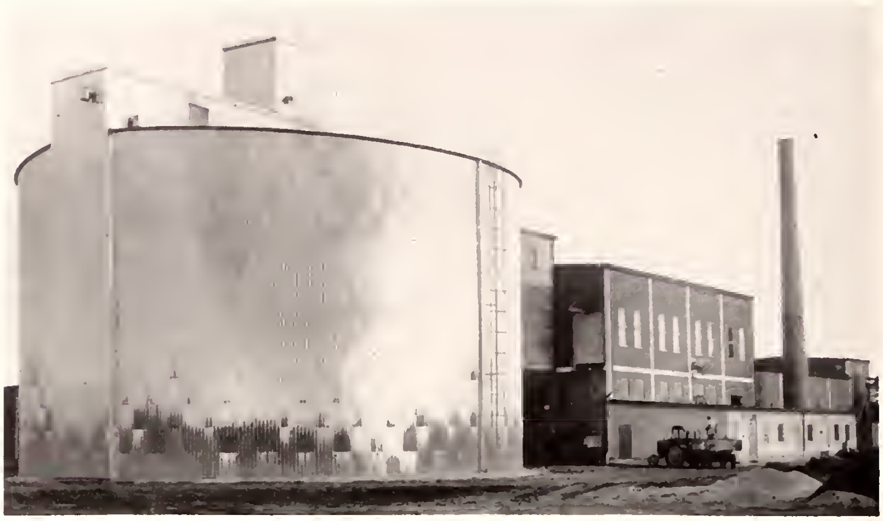
### Common Market Impact

The Six Common Market countries together purchased 29 percent of U.S. tobacco exports last year and are of increasing importance to world trade in tobacco. The future of U.S. tobacco exports to this very important market area remains in doubt. When and if the United Kingdom, Ireland, and other countries join the Common Market as members or associates, this important customs union would include countries which last year took three-fourths of our total exports.

The recently announced eventual external tariff schedule for Common Market countries provides for an ad valorem tariff on tobacco of 28 percent. The minimum is 13.2 cents per pound, the maximum 17.2 cents, with a proviso that tobaccos valued at $1.27 or more per pound would be assessed 15 percent ad valorem (with a ceiling of 31.8 cents per pound). This tariff schedule favors the import of lower priced competitive tobaccos. Most U.S. leaf would be assessed the maximum 17.2 cent rate. In effect, it would provide a tariff preference of 4 cents per pound on the bulk of the tobaccos imported from our competitors. It is essential that this preference be reduced, lessening its influence on purchases of the countries concerned.

The U.S. tobacco grower and exporter, given equitable access to foreign markets, should be able to compete effectively with their counterparts abroad, both in short-term and longer-term periods. But it is too much to expect that all hindrances to U.S. export trade will be removed and that U.S. tobacco will regain the percentage share of world trade it enjoyed in the early 1950's. Even so, exports of U.S. tobacco should continue within the range of those of recent years—or possibly a little above—especially when the anticipated growth in demand hits world trade.

## Swedish Plant Stores Starch Year-Round

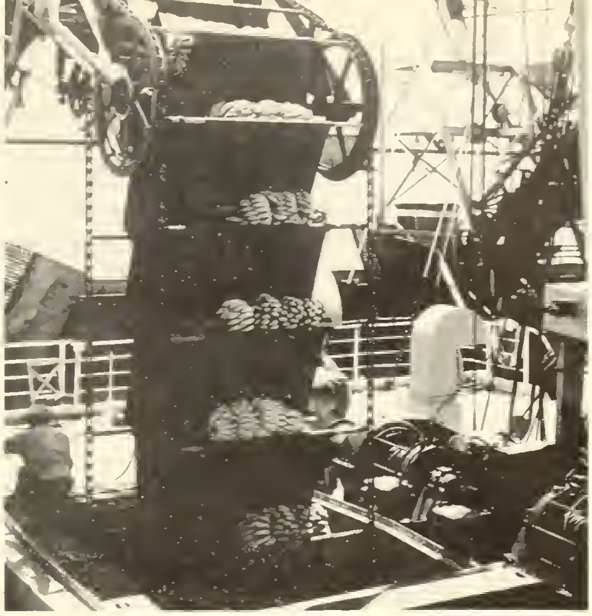


A starch-producing factory with year-round storage facilities—the first of its kind in the world—was opened in Villand, Sweden, this past winter.

During 3 months of the year, the plant (shown above) operates around the clock, turning some 20,000-23,000 tons of local potatoes into starch, at the rate of 10 tons an hour. The plant's three-stage extraction and purification process reguires about 22,500 gallons of water an hour.

Starch will be stored in the factory's giant 3,000-ton-capacity silo for use throughout the year. Eventually road tankers will be moving it in bulk to large industrial consumers.

Construction of this highly automatized plant is part of the Swedish Starch Producers' Association's centralization program. It replaces the 13 plants that used to operate around Villand in Fjälkinge, a potato-producing region in southern Sweden.



Photos, United Fruit Co.

Modern ways of shipping bananas insure their arriving in good condition. Top left, Guatemalan workers cover stems with polyethelene bags. Top right, bananas move into ship's hold along a conveyor belt. There is even less handling when the grocer receives them in plantation-packed boxes, left.

# Bananas: A Booming Export Business

Although bananas were one of the first plants to be brought to the New World by Spanish missionaries, they were virtually unknown in the United States and Europe until about 60 years ago. Today there are few places in the world where bananas are not eaten, and the annual banana trade now runs to around a half billion dollars a year.

Prior to 1900, bananas suffered from a double handicap. Ships were slow, refrigeration had not been developed, so the fruit spoiled en route to northern markets. There was also the hazard of growing bananas in tropical jungles that had to be overcome.

Once the banana trade started, it expanded rapidly. In the years just prior to World War II, an average of over 111 million stems, 50 pounds each, were being exported annually. The war disrupted banana shipping and it was not until 1953 that exports again reached their prewar level. Since then they have been going up and up, and 2 years ago they hit a peak of 178 million stems.

Bananas can be grown in practically any tropical country, yet commercial production is limited to a few. Over 70 percent of the bananas that entered world trade in 1960 originated in 8 countries: Ecuador, Brazil, Colombia, Panama, Honduras, Guatemala, Costa Rica, and the Canary Islands.

Ecuador is by far the world's largest banana exporter. Such has not always been the case. Before World War II, Mexico, Marrinique, and Jamaica were the three leaders, and Ecuador was an also-ran. Then in 1950 Ecuador's production started to mount, and in 1960 it reached 47 million stems.

The United States tops the list of banana buyers. The 82.8 million stems that were imported in 1960 were more than those purchased by all of Europe that year. West Germany ranks second and the United Kingdom third.

The long-range outlook for production is good, in spite of the inroads of disease. Most of the banana countries have plenty of land available, and as cultural practices improve, output per acre will increase.

The problem may be where to sell this additional output. Many countries that might be good banana customers have limiting trade restrictions, and in the established markets where per capita consumption is already high, any gain will be determined largely by an increase in population.

## 7 Billion People

(Continued from page 4)

contagion will be less easily controlled than we have supposed. Perhaps political disturbances will break through the narrow margins that now protect the public health. Nevertheless, we had better plan that the world can be successful in protecting its health. Unless health is improved, none of our hopes for economic development will be fulfilled.

It is possible too that birth rates may drop faster than has here been supposed. They will not do so automatically, but the prospects seem good that there will be a growing realization in the regions involved that their earnest hopes for progress may well turn on speeding the regulation of fertility. Certainly, it would be irresponsible on my part to suggest we can plan for a world with much less than 7 billion people by the year 2000.

The meaning of the situation seems clear to me. Any decent respect for the future of mankind must lead us to plan for mounting rates of population growth in the technologically underdeveloped areas where poverty is now deep. Our plans must be based on this proposition. But it is equally important to realize that the chances for successful development would be greatly enhanced if birth rates could be much more rapidly reduced than they are likely to be unless active attention is given to the problem. Small reliance should be placed on the particular figures given here concerning the future population, but it is difficult to imagine the developments that would vitiate either conclusion.

Two matters of major importance should not be overlooked.

One is the plea that persons and institutions interested in population and agriculture realize that their activities are complementary. Too often their attitude has been almost competitive. A few agriculturalists imply that reductions in the rate of population growth are unnecessary because an ideal application of existing knowledge would produce an unheard-of abundance of food. On the other side, a few enthusiasts for birth control assert that, prior to a reduction of birth rates, all gain in production will result in more population rather than more prosperity.

The whole truth of course lies in neither camp. Spectacular gains in agricultural production are needed to buy the time necessary for a reduction of the birth rate, and such reductions will be essential if we are to minimize the risk of failure in the field of economic development. The attack on poverty requires not only great increases in production but also an early reduction in population growth.

### Not a Race

The final plea is that we stop talking about a race between world population and world food supply. The real issue is different, and such talk makes the problem sound both too dismal and too distant—dismal because it represents our aspirations in minimal terms of survival, and distant because it will be a long time before the world has more people than it can support at minimal standards by a modest application of existing knowledge.

The real problem is much more immediate and much more important. The only hope that all men can secure adequate health, education, and relief from poverty lies in escape from a self-sufficient peasant agriculture. We must rely on modern technological knowledge and a sophisticated use of resources. Men cannot otherwise obtain a decent livelihood even for the present population, to say nothing of the much larger populations of the near future.

The transition to technological modernization is not simple. It requires heavy investment in health, education, and productive equipment. The costs are high. They are particularly heavy when they can be met only after meeting the heavy costs of expansion required to support rapid population growth. Moreover, these combined costs of growth and modernization face societies that are so poor that savings represent acute hardships.

These problems are not distant. They are those of the next few decades, and they are urgent beyond belief. Let us, therefore, stop talking as if we were dealing only with a distant avoidance of starvation. Our sights must be much higher. We must secure the transition into a world of healthy, educated, and productive people able to meet life's hazards. Our prospects for success will be greatly increased if in the next 2 or 3 decades reductions in human fertility can begin to ease the burden of population growth. This problem is immediate and urgent. On its solution may well rest all our other hopes.

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## Series of Six Leaflets Explains Trade Issues

Much of the complexity of international trade is untangled in a series of six leaflets prepared by a group of leading agricultural economists.

Entitled *World Trade—What are the Issues?*, the series briefly states the problems, outlines current situations and policies, and discusses possible alternatives, on such issues as balance of payments, the Common Market, and Food for Peace. The leaflets are concise, clear, and simple enough for the layman—though by no means too simple to help the economist review the issues.

Arthur Mauch of North Carolina State College opens the series with a general discussion of the importance of international trade and some explanation of the institutions guiding it. Don Paarlberg, a former Assistant Secretary of Agriculture, now at Purdue University, tackles the knotty problem of balance of payments. Reciprocal trade agreements are explained by Raymond J. Penn of the University of Wisconsin.

The development of the European Common Market and the problems it presents for U.S. trade are discussed by Elmer W. Learn, University of Wisconsin. Lawrence Witt, Michigan State University, examines the Food for Peace program with special emphasis on its contribution to economic development. The final wrap-up, "Can Exports Solve the Farm Problem?" is by Robert W. Rudd of the University of Kentucky.

All six leaflets are available for 25 cents from the Agricultural Policy Institute, North Carolina State College, Raleigh, N.C.

# TRADING POST

## Common Market Target Prices For Grain Begin This Month

Effective this month are new prices for wheat, barley, and oats set by each of the six Common Market countries within the upper and lower limits recently established by the EEC. Corn has only a lower limit.

West Germany, with the Market's highest grain prices, has chosen the maximum, which puts its grain prices 7.5 percent above the previous year's. This is the largest permissable increase. The French prices will be 5 percent above last year's in order to bring low French prices up to the minimum. Target prices chosen by Italy and the Benelux countries are in between and have changed very little if at all.

West Germany's adherence to the Common Market's Grain Regulation will raise the import levy on wheat to "outsiders" by about 35 percent and on barley by about 10-12 percent. Higher freight costs will also make imported grain more expensive, since Germany, under the Common Market, must now discontinue its former subsidies on grain freight costs.

## U.S. Vegetable Oils Face Argentine Competition

Argentina, which competes with the United States on the world's vegetable oil market, is expected to produce 355,000 short tons of edible oils in 1962-63, 10 percent more than the 1961-62 output.

About two-thirds of Argentina's oils—mainly sunflower, peanut, cottonseed, and olive—is consumed at home. The rest of the oil and most of the oilseed meal are exported, predominantly to Western Europe.

Though sunflower oil makes up the largest part of Argentina's output, serious disease problems will probably force some land out of sunflower and into other oilseeds, possibly soybeans.

## Syria's Cotton Exports Show Gain as Annual Output Rises

With a cotton crop estimated at a record 555,000 bales for 1961-62, Syria is expecting its exports this year to show a 5- to-10 percent increase over the 445,000 bales shipped in 1960-61.

So far this year, France has been the leading buyer of Syrian cotton, but takings by the Communist countries, including Mainland China, are rising. In an 8-month period, August-March, nearly half of Syria's shipments went to this group compared with less than one-third of the total for the same period in 1960-61.

## U.S. Wheat, Cotton Help Boost Portugal's Imports

Increased imports of U.S. wheat and cotton contributed substantially to the $109-million increase in total Portuguese imports in 1961. The value of U.S. wheat imported jumped from $5 million in 1960 to $12.5 million in 1961; cotton went from $3 million to $4.2 million Both wheat and cotton were purchased for dollars.

Portugal also imports large amounts of raw tobacco, hides and skins, and flour from the United States. It sells the United States wool, wine, fig paste, canned olives, and ground carob beans for cattle feed.

## Italy Buys 3 Million Pounds Of Rhodesian Flue-Cured

Italy recently contracted to purchase 3 million pounds of Rhodesia's 1961 crop of flue-cured tobacco. Italy needs the tobacco because more than half of its own crop was destroyed by blue mold.

Rhodesia's prices on the medium and low grades that Italy needs are lower than the United States' or Canada's, and it has more of these grades available for shipment.

## West Germans Eating More Frozen Foods

The growing number of West German households and food stores with freezing facilities has sent per capita consumption of frozen foods from .4 pounds in 1957 to 4 pounds in 1961.

Poultry, fruits and vegetables, and fish led, with poultry's 65,000 metric tons representing 60 percent of total frozen food sales. Eighty percent of the poultry was imported, mostly from the United States.

## U.S. Imports of Tobacco Have Set Another Record

The United States had bigger duty-paid imports of tobacco last year than ever before—166.4 million pounds. About three-fourths of this, or 125.7 million pounds, was cigarette leaf, nearly all of oriental types not produced in this country but imported for blending. Turkey and Greece were the principal sources.

These duty-paid imports—also called "imports for consumption"—were mostly tobacco withdrawn by manufacturers from bonded warehouses. Withdrawals from storage are a fairly accurate measure of how much foreign leaf the U.S. manufacturers are actually using. Recent years have seen a decided rise in the average percentage of imported leaf that U.S. cigarettes contain, plus a rise in U.S. cigarette output.

## Foot-and-Mouth Disease Hits Argentina's Hide Exports

A recent Australian ban against the import of hides from countries with foot-and-mouth disease will exclude hides from South America, Western Europe, and South Africa. Biggest loser will be Argentina which supplied 2 million pounds of wet salted hides in 1960-61, out of total Australian imports of 11 million pounds.

The United States, which supplied about 1 million pounds that year, may pick up some of this business, though U.S. exporters may run into a problem keeping their South American hide purchases apart from the U.S. hides destined for Australia.

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## Over a Million U.S. Chicks Sold to Spain Last Year

Spain bought about 1.3 million U.S. baby chicks in 1961, 95 percent of all the chicks imported by its growing poultry industry.

Spain has been buying chicks, mostly from the United States, for several years and is expected to continue for several more years. After that, the Spanish poultry industry should be sufficiently developed to meet the country's increasing demand for poultry products, especially broilers.

## U.K. Cotton Imports Reflect Declining Textile Output

The United Kingdom's cotton imports this season are continuing the more or less steady decline they have shown for the past 5 years as textile imports have increased their pressure on the U.K. cotton industry.

In 1960-61, cotton imports fell from the 1,395,000 bales of the previous season to 1,151,000. In the first half of the present season (up to January), they were 17 percent below the comparable 1960-61 period. The United States is still Britain's largest cotton supplier, but its share of the total in the first half of 1961-62 was 37 percent compared with 39 in the same period last year.

The British are using up raw cotton faster than they are importing it, for stocks dropped 84,000 bales between August 1961 and February 1962. Meanwhile, there has been a sizable buildup in stocks of cotton goods—evidence that imports and production have pushed supplies up faster than the country can use or export them.

## Australian Shrub Is Basis Of New Export Industry

A steadily growing source of foreign exchange to Australia is its soft-wooded shrub Duboisia, whose leaves are rich in hyoscyamine and hyoscine (or scopolamine)—both widely used as hypnotics and sedatives.

So far, Australia has exported the leaves unprocessed, mainly to Western Europe. In 1957-58—the first significant year—they brought in $286,240. By 1960-61, exports had jumped to $519,136, of which the United States took $22,089.

When the new processing plant is completed at Beaudesert, Queensland, the Australians will probably grind and percolate the leaves themselves. The crude extract thus obtained would bring a much better price than the unprocessed leaves and provide greater income from foreign sales.

## New Alliance Formed By Cocoa Countries

The "Big 5" among the world's cocoa-producing countries have formed an alliance for the purpose of stabilizing cocoa prices.

The five countries involved are Ghana, Nigeria, Brazil, Ivory Coast, and the Republic of Cameroun. Together they accounted for 2.1 billion pounds or about 80 percent of the world production of cocoa beans in the 1960-61 crop year.

Headquarters of the new group, called the Association of Cocoa-Producing Countries, will shortly be set up in Lagos, Nigeria.

## Ghana and Soviet Union Sign Another Trade Agreement

A trade pact signed in April by Ghana and the Soviet Union calls for the exchange of much the same products covered in an agreement concluded 6 months before.

Ghana will supply cocoa beans, lumber, and cola nuts—will receive in return manufactured items like cement, iron rods, flour, and cotton fabrics. Despite such treaties, only 2.7 percent of Ghana's exports go to the Soviet Union, and the latter ranks 13th as a source of Ghanaian imports.